
RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/12/11



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RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1
<u>FINANCIAL STATEMENTS</u>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
ReNEW Charter Management Organization
New Orleans, Louisiana:

We have audited the accompanying statement of financial position ReNEW Charter Management Organization ("ReNEW") as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of ReNEW's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ReNEW's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ReNEW Charter Management Organization as of June 30, 2010, and the changes in its net assets and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2010, on our consideration of ReNEW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

New Orleans, Louisiana
December 16, 2010

RENEW CHARTER MANAGEMENT ORGANIZATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

CURRENT ASSETS:

Cash and cash equivalents, restricted	\$ 207,300
Grants receivable, unrestricted	221,983
Grants receivable, restricted	<u>97,216</u>

Total current assets	526,499
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EQUIPMENT, NET

195,182

Total assets	<u><u>\$ 721,681</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	<u>\$ 236,460</u>
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Total current liabilities	<u>236,460</u>
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NET ASSETS:

Unrestricted	180,705
Temporarily restricted	<u>304,516</u>

Total net assets	<u>485,221</u>
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Total liabilities and net assets	<u><u>\$ 721,681</u></u>
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The accompanying notes are an integral part of this financial statement.

RENEW CHARTER MANAGEMENT ORGANIZATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and support:			
Federal	\$ -	\$ 600,000	\$ 600,000
Private grants and donations	25	1,286,282	1,286,307
Other revenue	2	-	2
Net assets released from restrictions	<u>1,581,766</u>	<u>(1,581,766)</u>	<u>-</u>
Total revenues and other support	<u>1,581,793</u>	<u>304,516</u>	<u>1,886,309</u>
Expenses:			
Program services:			
Instructional programs	969,043	-	969,043
Support services:			
Management and general	<u>432,045</u>	<u>-</u>	<u>432,045</u>
Total expenses	<u>1,401,088</u>	<u>-</u>	<u>1,401,088</u>
Change in net assets	180,705	304,516	485,221
<u>NET ASSETS AT BEGINNING OF THE YEAR</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 180,705</u>	<u>\$ 304,516</u>	<u>\$ 485,221</u>

The accompanying notes are an integral part of this financial statement.

RENEW CHARTER MANAGEMENT ORGANIZATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 485,221
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Grants receivable	(319,199)
Accounts payable and accrued expenses	<u>236,460</u>
Net cash provided by operating activities	<u>402,482</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	<u>(195,182)</u>
Net cash used in investing activities	<u>(195,182)</u>
Net increase in cash	207,300
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ 207,300</u></u>

The accompanying notes are an integral part of this financial statement.

RENEW CHARTER MANAGEMENT ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

ReNEW Charter Management Organization ("ReNEW"), incorporated on June 6, 2009, is an educational institution organized to turn around a failing school by providing improved educational opportunities to prepare students for the New Orleans' selective admission public and private high schools.

The Board of Elementary and Secondary Education (BESE) approved the granting of a charter to ReNEW effective June 8, 2010 for an initial period ending on June 30, 2013, to operate a Type 5 Charter School, as defined in LA R.S. 17:3996. ReNEW commenced operations with the 2010-2011 school year. As of June 30, 2010, ReNEW has two schools under this charter, SciTech Academy and Batiste Cultural Arts Academy.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of cash flows, ReNEW considers all unrestricted cash and cash in bank to be cash and cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board under *ASC No. 958 Not-for-Profit Entities*.

RENEW CHARTER MANAGEMENT ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ReNEW is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets and permanently restricted net assets. Accordingly, the net assets of ReNEW and changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met either by actions of ReNEW and/or the passage of time.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of ReNEW pursuant to those stipulations.

Contributions and Revenue Recognition

ReNEW reports contributions of cash or other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the statement of activities.

Revenues from federal and state grants are recorded when ReNEW has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by ReNEW, or when otherwise earned under the terms of the grants.

Contributed Services

In addition, ReNEW receives services donated by parents and community members in carrying out ReNEW's mission. The value of these services is not recognized in the accompanying financial statements due to their unspecialized nature.

RENEW CHARTER MANAGEMENT ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The land, building and building improvements used to operate ReNEW are owned by the Recovery School District (RSD) and, as such, is recorded on the financial statements of the RSD. The RSD also provides ReNEW with furniture and equipment that are also recorded on the RSD's financial statements and not reported by ReNEW. ReNEW only reports its direct purchases of furniture and equipment. ReNEW has adopted the practice of capitalizing all expenditures for depreciable assets where the unit costs exceed \$1,000. Property is recorded at cost or at fair value for donated assets. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives of 3 years.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in Note 5. Accordingly, certain costs have been allocated among the instructional and supporting services benefited.

Tax Exempt Status

ReNEW is a nonprofit organization exempt from the income taxes under provisions of the Internal Revenue Service Code Sections 501(c)(3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes.

ReNEW applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, ReNEW has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities, therefore the implementation of this standard has not had a material effect on ReNEW. The Company's tax return for the year ended June 30, 2010 has not yet been filed.

RENEW CHARTER MANAGEMENT ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

2. GRANTS RECEIVABLE

At June 30, 2010, ReNEW has grants receivable of \$319,199, which includes \$97,916 due from Foundations and \$221,283 due from the Federal government.

3. EQUIPMENT

Equipment at June 30, 2010 consists of \$195,182 of computers and computer software. The computers and related software were purchased at year end; therefore no depreciation expense is recorded for the period ended June 30, 2010.

4. TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2010 temporarily restricted net assets are as follows:

		<u>Restriction</u>
New Schools for New Orleans	\$ 22,916	Administrative services
New Schools for New Orleans - Capacity grant	75,000	Travel/administrative
New School Venture fund	8,446	Facilities
Walton Family Foundation	198,154	Technology
	<u>\$ 304,516</u>	

5. FUNCTIONAL ALLOCATION OF EXPENSES

Expenses have been reported in the statement of activities by natural classification. ReNEW presents functional classifications of expenses charged to program services. Instructional programs represent management's estimate of expenses that can be directly allocated to supporting class room and teaching activities and programs. Supporting services include those expenses related to the administrative operations, including accounting and administrative functions and those expenses related to student services, including salaries and instructional materials.

RENEW CHARTER MANAGEMENT ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

5. FUNCTIONAL ALLOCATION OF EXPENSES (Continued)

Functional expenses for the year ended June 30, 2010 are as follows:

	<u>Program</u>	<u>Support services</u>	<u>Total</u>
Advertising	\$ 46,592	\$ -	\$ 46,592
Contract services	-	24,653	24,653
Dues and subscriptions	12,229	-	12,229
Facility, equipment and maintenance	241,554	-	241,554
Instructional materials	238,089	-	238,089
Miscellaneous	15,233	8,562	23,795
Postage and printing	3,203	-	3,203
Salaries and benefits	296,887	342,814	639,701
Technology	113,917	-	113,917
Travel, meetings, and staff development	1,339	56,016	57,355
Total expenses	<u>\$ 969,043</u>	<u>\$ 432,045</u>	<u>\$ 1,401,088</u>

6. CREDIT RISK CONCENTRATION

ReNEW deposits its cash and cash equivalents with financial institutions in the greater New Orleans area. Cash accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2010, ReNEW's deposits exceeded the insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC) by \$78,544.

7. SCHOOL PROPERTIES

On July 1, 2010, ReNEW entered into two lease agreements with the Recovery School District (RSD), which allows ReNEW to use the facilities and its contents located at 3128 Constance Street and 820 Jackson Avenue, or any other locations that may be approved by ReNEW and the Board. The initial lease term is for three years and terminates on June 30, 2013. The lease agreement may be extended for an additional two years terminating on June 30, 2015 in the event the Louisiana Board of Elementary and Secondary Education extends the Charter contract for an additional two years. The RSD will forgo the payment of rent for the first year of the lease agreement. The RSD has the right to charge rent in subsequent years of the agreement.

RENEW CHARTER MANAGEMENT ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

7. SCHOOL PROPERTIES (Continued)

Use of the property, including fixtures, furniture and equipment provided by the RSD is not recorded as an in-kind contribution. ReNEW is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations and rules.

8. REVENUE CONCENTRATION

During the year ended June 30, 2010, funding for ReNEW was concentrated from the following sources:

Federal grant - Department of Education	\$	600,000	32%
Walton Foundation		540,000	29%
New School Venture Fund		250,000	13%
New Schools for New Orleans		496,256	26%

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 16, 2010, and determined that the following items require disclosure.

ReNEW began operating out of Live Oak Elementary and Laurel Elementary on July 1, 2010. Following the opening, a total of 120 staff members began working at the two campuses preparing for the school year. Both schools opened to students on August 2, 2010 and were at full capacity on August 16, 2010.

The entire teaching team and staff for both schools began training on July 12, 2010. The additional staff represents a significant increase in payroll expenses as compared to the year ended June 30, 2010. To fund the operations of the two schools ReNEW has received commitments or award letters for approximately \$14,000,000 of state and federal funds for the year ended June 30, 2011.

In July 2010, retirement plans were put in place for employees working at each of the two schools. Teachers at SciTech Academy were enrolled in the Teachers Retirement System of Louisiana. Teachers at Batiste Academy have the option of enrolling in ReNEW's sponsored 401(k) plan. ReNEW administrative staff also have the option to enroll in the ReNEW sponsored 401 (k) plan.

RENEW CHARTER MANAGEMENT ORGANIZATION

NOTES TO FINANCIAL STATEMENTS

9. SUBSEQUENT EVENTS (Continued)

On July 7, 2010, ReNEW entered into a promissory note to borrow \$300,000 from Building Hope. A Charter School Facilities Fund. The note bears interest at 4% and has a maturity date of July 27, 2011. Interest only payments are required on a monthly basis starting September 1, 2010. The loan is secured by funds disbursed to ReNEW by the State of Louisiana Department of Education pursuant to its grant award for the public charter school federal program under its grant award notification to ReNEW dated October 15, 2009. The loan balance of \$300,000 is outstanding as of the report date.

On December 9, 2010, the Louisiana Board of Elementary and Secondary Education approved three (two alternative high schools and a K-8 school) additional charters for ReNEW.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SINGLE AUDIT REPORTS

JUNE 30, 2010



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RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SINGLE AUDIT REPORTS

JUNE 30, 2010

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

TABLE OF CONTENTS

JUNE 30, 2010

	Page
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance with Requirements Applicable to the Major Program, on Internal Control over Compliance in Accordance with OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees,
ReNew Charter Management Organization

We have audited the financial statements of ReNEW Charter Management Organization (ReNEW) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered ReNEW's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ReNEW's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ReNEW's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, as item 2010-01, which we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ReNEW's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2010-02.

ReNEW's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit ReNEW's response and, accordingly we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, and the Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Nettowill

New Orleans, Louisiana
December 16, 2010





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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Trustees,
ReNew Charter Management Organization

Compliance

We have audited the compliance of ReNEW Charter Management Organization (ReNEW) (a nonprofit organization) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2010. ReNEW's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of ReNEW's management. Our responsibility is to express an opinion on ReNEW's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ReNEW's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of ReNEW's compliance with those requirements.

In our opinion, ReNEW complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those compliance requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of finding and questioned costs as item 2010-02.

Internal Control Over Compliance

The management of ReNEW is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered ReNEW's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ReNEW's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-02. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

ReNEW's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit ReNEW's responses, and accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of ReNEW as of and for the year ended June 30, 2010, and have issued our report thereon dated December 16, 2010, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements. Such information is the responsibility of



management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, and the Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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New Orleans, Louisiana
December 16, 2010



RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>Passed through the Louisiana Department of Education</u>		
Public Charter School Grant	84.282A	<u>\$ 600,000</u>
Total Federal Assistance Expended		<u><u>\$ 600,000</u></u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

(1) **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of ReNEW Charter Management Organization (ReNEW). ReNEW's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2010. All federal awards received from federal agencies are included on the schedule.

(2) **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to ReNEW's financial statements for the year ended June 30, 2010.

(3) **Relationship to Basic Financial Statements**

Federal awards are included in the statement of activities and changes in net assets as federal grants.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

(1) Financial Statements

- (a) The type of report issued on the financial statements: unqualified opinion
- (b) Significant deficiencies in internal control were disclosed by the audit of the financial statements: yes
Material weaknesses: no
- (c) Noncompliance which is material to the financial statements: no

(2) Federal Awards

- (a) Significant deficiencies in internal control over major programs: yes Material weaknesses: no
- (b) The type of report issued on compliance for major programs: unqualified opinion
- (c) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133:
yes
- (d) Identification of major programs:
Department of Education:
 - Charter School Program – CFDA number 84.282A
- (e) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (f) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: no

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

- (3) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

Finding 2010-01

Balance Sheet Account Reconciliations

Condition: We noted conditions in which ReNEW is not performing reconciliations of balance sheet accounts on at least an annual basis. We also noted that a cash reconciliation was performed and documented as reviewed; however, the reconciliation did not agree to the general ledger. The lack of proper agreement in performing the reconciliation process has impacted ReNEW's financial controls.

Criteria: ReNEW has a policy in place in which a reconciliation is performed for cash accounts.

Effect: As a result of the impact of the above, adjustments to balance sheet accounts including cash, accounts payable, and prepaids were identified as part of the performance of audit procedures.

Cause: Although monthly reconciliations were performed for the cash account, ReNEW did not thoroughly review and agree the reconciliation to the general ledger. Balance sheet reconciliations were not prepared for all accounts.

Recommendation: ReNEW should implement a policy in which all significant balance sheet accounts including all cash accounts, account receivable, prepaids, and accounts payable are reconciled on a monthly basis and reviewed for agreement to the general ledger.

Management Response: ReNEW has implemented policies to reconcile balance sheet accounts on a monthly basis when cash reconciliations are completed. These policies are currently in place at both school sites and the CMO.

RENEW CHARTER MANAGEMENT ORGANIZATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

(4) Findings and Questioned Costs relating to Federal Awards:

Finding 2010-02

Reimbursement Request

Condition: We noted an instance in which ReNEW requested reimbursement for payroll expense twice from the Public Charter School Grant.

Criteria: All expenditures requesting reimbursement should be supported with proper documentation. The reimbursement request should be reviewed for accuracy.

Effect: ReNEW received funding for the same expense twice. The duplicate funds received totaled \$4,583.

Cause: ReNEW's policies and procedures did not provide for adequate oversight of the reimbursement request. The reimbursement request was not reconciled to the general ledger.

Recommendation: ReNEW should develop policies and procedures to adequately ascertain that information related to the grant reimbursement request is accurate and complete.

Management Response: Management has notified the State of Louisiana Department of Education of the discrepancy uncovered in the audit. ReNEW has submitted claims equal to the duplicate payment to the State of Louisiana Department of Education Finance Department. This will allow ReNEW to keep all PCSP money claimed during the year and resolve any issues relating to a duplicate claim submission.